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It's Time for the Democrats to Embrace CAFTA

By William M. Daley, Midwest Chairman of J.P. Morgan Chase & Co.

Most Republicans and the business community extol the virtues of trade, depicting it as an engine of economic progress, while most Democrats and unions attack the exportation of American jobs, claiming that trade agreements are destroying our economy.

Washington is gearing up for another fight about global trade and it's looking like a movie we've seen before. Every trade agreement has triggered the same debate, yet all of them eventually passed. This time, however, the outcome could be different. Democrats are more united in opposition, and Republicans more divided, than ever before. The business community, seeing little in the way of serious economic benefit, is not pressing for approval of the Central America Free Trade Agreement the way it has done for previous agreements.

CAFTA's failure would be a tragic result. But it would largely be a product of the poison--and the paralysis--that infects our national politics today.

I know something about trade agreements. I was proud to help President Clinton pass the North American Free Trade Agreement in 1993 and create what is still the world's largest free-trade area, linking 426 million people and more than \$12 trillion of goods and services. More than \$1.7 billion in goods and services is exchanged in this free-trade area every day, and each of the member countries has experienced more than a 30 percent growth since NAFTA's implementation. As commerce secretary, I led the Clinton administration's effort to ensure China's entry into the World Trade Organization and the permanent normalization of trade between the U.S. and China--steps that produced a 76 percent increase in U.S. exports to China in just three years.

Compared to these prior agreements, the effect of CAFTA on our economy will be tiny. The six countries involved--Costa Rica, Nicaragua, Guatemala, Honduras, El Salvador and the Dominican Republic--are quite small. Although the agreement will increase sales of U.S. products, these countries will not be significant export markets in the near future. And 80 percent of all of the goods imported from these countries into the U.S. already enter duty-free, so the agreement is not going to affect a large number of jobs here.

The reason CAFTA should be enacted is not economic benefits, it is national security. Little more than 1,000 miles from our border, these countries recently faced insurgents and civil wars. Only 20 years ago the U.S. was spending billions of dollars to promote democracy in Central America. Today, the CAFTA countries don't need our troops or handouts; what they need is the opportunity to grow and develop. It is the same war we are fighting today in the Middle East, just at a different stage.

The leaders of these countries have taken a brave step by entering into this agreement: Free trade is politically unpopular everywhere. To reject the deal now would be a destabilizing factor across the region. As Nobel Peace Prize winner and former Costa Rican President Oscar Arias has said, the choice is "between making more prosperous the people of Central America or condemning them to live in poverty forever." Trade agreements are not easy or simple, but they are far easier than sending young men and women into harm's way to stabilize a hostile country. Free trade is a small price to pay to bolster the economies and political stability in countries located so close to our borders. Given these stakes, why would Congress reject the agreement?

One big reason is the intense partisan atmosphere in Washington--the worst I've seen in a lifetime of involvement in politics. President Bush said in 2000 that he wanted to bring back civility to Washington, but the bitterness that infects Washington today is much worse than when President Clinton sought approval of NAFTA or even during the subsequent impeachment debacle.

Republicans increasingly run Congress like a private club, excluding the Democratic minority from consultation or involvement in a way that has never been done before. Interest groups threaten primary campaigns against members of Congress who are less than 100 percent loyal to them. Another factor is many Americans' fear about their economic future. The uncertainties of an economy that changes more quickly than ever before, the increased global competition from the trade liberalization of the 1990s, the loss of faith in our ability to enforce existing trade deals and the government's failure to provide an adequate safety net for those who lose their livelihoods because of global competition, have all combined to create significant uneasiness. This phenomenon is not restricted to the U.S. The rejection by the people of France and the Netherlands of the proposed European constitution was driven in considerable measure by fear, and in some cases the reality, of globalization.

Partisan polarization is preventing our leaders from acknowledging these issues and dealing with them. No politician has ever lost an election because he or she voted against a trade agreement. Those who vote for them do so with great peril. No banker or lawyer has lost his or her job because of a trade agreement, but textile, auto parts and other manufacturing jobs are at risk in this new world.

Let's be frank. Although our economy as a whole benefits from trade, agreements like CAFTA create winners and losers. Some Americans may lose their jobs, but more new jobs will be created. We need to end the tired debate about trade agreements and get real about how to provide a safety net for workers who lose their jobs because of the trade deals that make sense for our country.

Even more important, our government--on both sides of the aisle--must focus on making our economy a stronger competitor in the global economy. Other countries, notably China and India, have improved their competitiveness significantly in recent years. What are we doing to preserve and enhance our advantages? Government investment in research produced many of the basic technological advances that fueled the expansion of

the 1990s. Are we laying the groundwork today to keep America on the cutting edge in the future?

And what are we doing to address our weaknesses? For example, Bill Gates recently highlighted some major deficiencies in our education system. Our health-care crisis handicaps American companies as they try to compete around the world. Where is the comprehensive effort to address these and other issues?

I encourage my fellow Democrats--as hard as it may be--to support CAFTA, while at the same time holding President Bush and congressional leaders accountable to deal with the impact of this agreement realistically and without resorting to political games. And I ask both parties to take a leadership role in making America competitive for the next generation.